

RELEASED

B8

WASHINGTON POST
25 November 1986

J, J

JACK ANDERSON and JOSEPH SPEAR

Arms Deals and the Israeli Connection

It should have been no surprise that Israel was the middleman used by the Reagan administration for its secret shipment of weapons to Iran. For years the Israelis have been up to their shoulder holsters in the murky world of international arms traffic.

Purchase orders, bills of lading and other documents obtained by our associates Corky Johnson and Donald Goldberg relating to Central Intelligence Agency "front" corporations show a mysterious Israeli thread woven through weapons deals conducted by the CIA.

In 1969 the CIA set up a front called Associated Traders, which funneled millions of dollars through the First National Bank of Maryland to pay for huge arms shipments. Two weapons brokerage firms, Sherwood International Export Corp. and Shimon Ltd., handled the transactions for the CIA.

Shipping papers show that several of these arms shipments originated in Israel. Sherwood has had a close working relationship with Israeli defense officials, our sources said, and several former Israeli military officers have worked for the company.

Shimon is a Cayman Islands company believed to be associated with Sherwood but little is known about it. Michael Kokin, president of Sherwood, did not return our telephone calls.

One interesting CIA arms shipment handled by Shimon in 1982 can be traced from the Israeli Mediterranean port of Ashdod to Lagos, Nigeria, where the trail ended. The CIA reportedly operates an air cargo service out of Lagos, and may have delivered the \$4 million in weapons to

U.S.-supported rebel groups, including those fighting in Angola.

The Israeli shipment was part of a \$9.4 million transaction in which Shimon sent weapons to Lagos from several locations, including Portugal, the former colonial power in Angola. Portugal is a major transshipment point for arms; some of the U.S. shipments to Iran went by way of Portugal, according to our sources.

In another CIA arms deal, the agency's front company, Associated Traders, received 57 radio transceivers manufactured in Israel. The units, which cost \$128,250, were purchased by Sherwood and flown from Tel Aviv to Washington-Dulles International Airport.

In 1984, Sherwood and an Israeli shipping firm, Merico, were involved in a little-publicized incident after Italian officials seized the Merico freighter Viking, which was loaded with weapons that they feared were destined for the Red Brigades terrorists.

Merico told the Italians that the ship's cargo was headed for Brazil in a deal arranged by Sherwood. Brazilian officials at first denied they were importing the arms, but later said they had contracted with Sherwood for the weapons.

According to court papers, Sherwood was recently stopped by the Bureau of Alcohol, Tobacco and Firearms (BATF) from importing 17,000 frames for Browning .30-cal. machine guns. The seller was the Israeli Defense Ministry. Sherwood executives said they wanted to assemble the machine guns for sale to "friendly foreign governments."